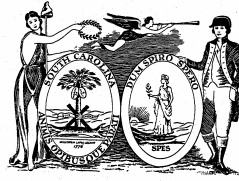


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OFFICE OF HUMAN RESOURCES

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FRANK W. FUSCO
EXECUTIVE DIRECTOR

1201 MAIN STREET, SUITE 800
COLUMBIA, SOUTH CAROLINA 29201
(803) 737-0900

SAMUEL L. WILKINS
DIRECTOR

MEMORANDUM

TO: Agency Heads and Human Resources Directors of All Agencies, Departments, Institutions, and Commissions

FROM: Samuel L. Wilkins
Director

DATE: July 1, 2008

SUBJECT: 2008 Legislative Update

The following is a summary of human resources related legislation enacted by the United States Congress and by the South Carolina General Assembly during the 2008 legislative session. Please consult the full text of the legislation for complete details by referring to the General Assembly web site at <http://www.scstatehouse.net/> or the Office of Human Resources web site at <http://ohrweb.ohr.state.sc.us/OHR/employer/OHR-state-laws.phtm>.

2007 Federal Minimum Wage Increase

President Bush signed legislation which increases the federal minimum wage from \$5.15 to \$5.85 on July 24, 2007, then to **\$6.55** on July 24, 2008, then to \$7.25 on July 24, 2009. **The minimum of pay band one will increase effective July 24, 2008, to accommodate the new minimum wage.**

The following bills have been ratified by the General Assembly:

Law Enforcement Training Reimbursement (H3326, R321, A269)

This act provides a procedure whereby a governmental entity which has assumed the cost of training a law enforcement officer may be reimbursed for these costs by a governmental entity that subsequently hires the Law Enforcement Officer. Every governmental entity (State or any of its political subdivisions) of this State, after July 1, 2007, who employs a law enforcement officer who has satisfactorily completed mandatory training, is affected.

If a law enforcement officer, who satisfactorily completes mandatory training while employed by a governmental entity or entities of this State, and within two years of completing the training, is hired by another governmental entity of this State, then the subsequent hiring governmental entity or entities shall reimburse the previous employer. The stipulations are as follows:

- Within one year of the officer completing mandatory training, the hiring governmental entity will refund 100% of the cost of training the officer, training expenses, and the officer's salary paid during the training period; and
- After one year but before the end of the second year of the officer completing mandatory training, the hiring governmental entity will refund 50% of the cost of training the officer, training expenses and the officer's salary paid during the training period.

Retirement Cost of Living Increases (H4876, R295)

This act provides for eligible retired members of the South Carolina Retirement System (SCRS) and the Police Officers Retirement System (PORS) to receive an annual cost-of-living adjustment of 2 percent each July 1. The State Budget and Control Board, as trustees for the Retirement Systems, approved an increase in the Retirement Systems' assumed rate of investment return from 7.25 percent to 8 percent. For more information regarding this bill, please talk to a representative at the South Carolina Retirement Systems.

Proviso Codification Act of 2008 (S530, R402)

This act provides for the codification of specific provisos from the General Appropriation Act into the South Carolina Code of Laws to become permanent law. The provisos that are being codified are as follows:

- **Higher Education Salary Limit Exemption (§8-11-165)**
Higher education technical colleges, colleges, colleges and universities shall be exempt from the requirement that the salaries of employees shall not exceed 95% of the midpoint of the agency head salary range or the agency head actual salary, whichever is greater, except on approval of the B&C Board.
- **Military Service Leave (§8-7-90)**
A state employee in an FTE position who serves on active duty in a combat zone and who has exhausted all available leave for military purposes is entitled to receive up to thirty additional days of military leave in any one year.
- **Residency Preference (§8-1-155)**
When a vacancy occurs in a state agency, preference shall be given to residents of this State if the two applicants are equally qualified.
- **Across-the-Board Reductions (§1-11-497)**
When spreading any across-the-board cut mandated by the Budget and Control Board or the General Assembly, state agencies are encouraged to reduce general operating expenses (travel, training, procurement, and the hiring of temporary and contractual employees) before reductions are made to programs, special line items, or local provider services critical to the agency's mission.
- **Higher Education Furlough (§8-11-193)**
Agency heads for institutions of higher education and the State Board for Technical and Comprehensive Education may institute employee furlough programs of not more than 20 working days in the fiscal year in which the deficit is projected to occur.

South Carolina Critical Needs Nursing Initiative Act (S657, R64, A49)

This act establishes the Critical Needs Nursing Initiative Fund within the Commission on Higher Education in order to improve the number of qualified nurses in this state by providing:

- Nursing faculty salary enhancements
- Creating new faculty positions
- Providing for additional nursing student scholarships, loans, and grants
- Establishing the Office For Health Care Workforce Research to analyze health care workforce supply and demand
- Providing for the use of simulation technology and equipment in the education of nurses

South Carolina Illegal Immigration Reform Act (H4400, R327, A280)

This act was signed by the Governor on June 4, 2008, and requires all public sector employers to verify that all new employees have work authorization in the United States. Work authorizations of new employees will be verified through use of the federal work authorization program, currently known as E-Verify, beginning on January 1, 2009. This bill will be discussed in detail in a separate memorandum.

The following provisos in the General Appropriation Act (R293, H4800) are new for Fiscal Year 2008-2009:

80A.56 (SCEIS Business Case Study)

The Budget and Control Board is directed to update a study conducted in 2003 for the South Carolina Enterprise Information System business case study to reflect current conditions and review and update projected savings to agencies. The results of the survey are to be reported to the Chairmen of the Senate finance Committee and the House Ways and Means Committee by December 1, 2008.

80A.57 (SCEIS Agency Implementation Guide)

By January 23, 2009, the Budget and Control Board shall have prepared an Agency Implementation Guide for agencies participating in the South Carolina Enterprise Information System (SCEIS). The Agency Implementation Guide will provide agencies guidance for implementation of SCEIS and its potential savings, as well as serve as a basis to agencies as they report their savings from the SCEIS implementation to the Senate Finance and House Ways and Means Committees.

80A.62 (SCEIS Flexibility)

The Executive Director of the Budget and Control Board is directed to transfer and utilize funds from any other agency accounts in order to maintain critical development of infrastructure assets of the statewide SCEIS implementation until further funding is appropriated by the General Assembly.

89.105 (Healthcare Employee Recruitment and Retention)

Specific agencies (DOC, DDSN, DHEC, DHHS, DJJ, DMH, DVR) are allowed to spend state, federal, and other sources of revenue to provide lump sum bonuses to aid in recruiting and retaining healthcare workers in critical needs healthcare jobs. Employees may receive up to \$5,000, but not to exceed an accumulation of more than \$10,000 in bonuses per year. Other provisions include agencies providing paid educational leave, repaying outstanding student loans, allowing employees to complete the practicum or required clinical experience through their state agency or another state agency, reimbursing tuition from a maximum of ten credit

hours per semester, allowing probationary employees to participate in tuition assistance programs, and providing tuition pre-payment of 50%, with reimbursement after the completion of classes, for employees in a healthcare program.

89.113 (Voluntary Furlough)

This proviso allows state agencies to institute a voluntary employee furlough program for not more than 90 days per fiscal year when the general funds appropriated are less than the general funds appropriated for that agency in the preceding fiscal year, or when an across-the-board budget reduction is implemented. Employees who participate in a voluntary furlough will still maintain their state benefits during the furlough minus their salary. Benefits requiring both employer and employee contributions will be the employer's sole responsibility for all contributions.

The following proviso included in the 2007-2008 General Appropriation Act has been deleted for Fiscal Year 2008-2009:

80A.19 (Mandatory Furlough)

This proviso, which allowed state agencies to institute employee furlough programs of not more than ten working days in the fiscal year in which the deficit is projected to occur, was created as a cost savings measure for agencies. This proviso was removed from the annual appropriations act for FY 2008-2009.

The following proviso contained in the General Appropriation Act (H4800, R293, A310) are amended for Fiscal Year 2008-2009:

80A.9 (Compensation – Agency Head Salary)

Added to the proviso, the General Assembly authorizes salary increases for an agency head only as recommended by the Agency Head Salary Commission (AHSC). The deletions to the proviso were as follows:

- The Budget and Control Board is not a part of the process for the approval for agency head and technical college president salaries.
- The funding must be provided for an amount equivalent to the pay increase for all classified employees and any remaining increases recommended by the AHSC shall be funded from the individual agency budget.
- Increases shall be effective on or after January 1, 2009.

80A.47 (Employee Compensation)

Classified employees will receive a 1% compensation increase effective on the first pay date that occurs on or after July 1 of the current fiscal year. Funding was also provided for an average 1% increase for unclassified employees, employees under the unclassified executive compensation system, and agency heads not covered by the Agency Head Salary Commission. The Budget and Control Board has approved a 0-1% range for increase for faculty, executive compensation, and non-academic unclassified employees.

89.79 (Employee Bonuses)

State agencies and institutions are allowed to spend state, federal, and other sources of revenue to provide selected employees lump sum bonuses. The dollar amount has been increased from two

thousand to three thousand dollars per year. In addition, the proviso states: "Employees earning \$100,000 or more shall not be eligible to receive bonuses under this provision."

The following proviso under the General Appropriation Act were not changed for Fiscal Year 2008-2009:

80A.10	Compensation-Reporting of Supplemental Salaries
80A.11	Mid-Year Budget Reductions & Restricting the Rate of Expenditures
80A.12	Compensation Increase – Appropriated Funds Ratio
80A.13	Vacant Positions
80A.24	Adoption Assistance Program
80A.26	Military Service
80A.28	Military Service Leave
89.15	Discrimination Policy
89.17	Personal Service Reconciliation, FTEs
89.18	Allowance for Residences & Compensation Restrictions
89.20	Universities & Colleges – Allowance for Presidents
89.22	Business Expense Reimbursement
89.23	Per Diem
89.25	Travel – Subsistence Expenses & Mileage
89.44	Voluntary Separation Incentive Program
89.48	Forego Salary Increase
89.51	Across-the-Board Reductions
89.57	Best Management Practices
89.64	Constitutional Officer Furlough
89.69	Organizational Charts
89.71	Agency Administrative Support Collaboration

If you have any questions or need additional information regarding any of these provisos or statutes, please contact your Human Resources Consultant at 803-737-0900.

SLW